

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SCI-06 OIC-04 AID-20 CEA-02 CIAE-00

COME-00 EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-14

NSAE-00 RSC-01 OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06

SIL-01 SWF-02 OMB-01 NSC-07 AEC-11 DODE-00 FEA-02

FPC-01 H-03 INT-08 L-03 PM-07 SAM-01 SS-20 STR-08

DRC-01 /220 W

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P R 312016Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 2877

INFO AMEMBASSY CANBERRA

AMEMBASSY VIENNA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ATHENS

AMEMBASSY REYKJAVIK

AMEMBASSY DUBLIN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

AMEMBASSY ANKARA

AMEMBASSY LONDON

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AMEMBASSY OTTAWA

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 13381

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: OECD MINISTERIAL COUNCIL MAY 29-30:

REF: OECD DOC. C(74)82(FINAL)

1. SUMMARY: AS EXPECTED, DISCUSSION OF ENERGY ITEM ON COUNCIL AGENDA WAS PRIMARILY STOCKTAKING OF WORK CURRENTLY UNDER WAY IN OECD, COMBINED WITH MORE OR LESS LOW-KEY EXPRESSIONS OF PREFERENCE FOR LOCUS OF FUTURE COOPERATIVE EFFORTS AMONG INDUSTRIALIZED ENERGY CONSUMERS. SECGEN, US (HARTMAN), AND GERMANY COMMENTED FAVORABLY ON FRUITFUL RELATIONSHIP BETWEEN OECD AND ENERGY COORDINATING GROUP. FRANCE, ITALY, JAPAN, SWITZERLAND, GREECE AND SWEDEN ALL FAVORED AN INCREASED ROLE FOR OECD IN ENERGY COOPERATION. THE EC COMMISSION ANNOUNCED THAT IT IS MOVING FORWARD TO THE EC COUNCIL WITH PROPOSALS FOR A COMMON ENERGY POLICY, BUT STRESSED ITS DETERMINATION TO WORK FOR OPEN CONTACT WITH THE REST OF THE WORLD AND ESPECIALLY WITH THE UNITED STATES. A FREQUENTLY REPEATED THEME AMONG THE 12 SPEAKERS ON THE ITEM WAS THE NEED FOR MORE INFORMATION ON THE OPERATIONS OF INTERNATIONAL OIL COMPANIES. END SUMMARY

2. THOUGH THERE WERE SOME DIFFERENCES IN EMPHASIS AND DETAIL, THERE WAS GENERAL AGREEMENT WITH INITIAL, PRELIMINARY CONCLUSIONS OF THE OECD'S LONG-TERM ENERGY ASSESSMENT (REF A), INCLUDING THE ESTIMATE THAT VOLUME OF OECD AREA'S ANNUAL OIL IMPORTS FOR REMAINDER OF 1970'S LIKELY NOT TO EXCEED 1973 VOLUME IF OIL PRICES REMAIN AT CURRENT LEVELS. IN HIS SUMMARY FOR COUNCIL MINUTES, SECGEN POINTED OUT THAT MINISTERS GENERALLY AGREED ON THE IMPORTANCE OF THE ENERGY PROBLEM FOR ECONOMIC POLICY AND EXPRESSED THEIR WILLINGNESS TO STRENGTHEN INTERNATIONAL COOPERATION TO DEAL WITH THAT PROBLEM, PARTICULARLY IN OECD. MINISTERS WELCOMED THE
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SPEEDING UP OF WORK ON OECD'S LONG-TERM ENERGY ASSESSMENT AND MAJORITY FAVORED PROCEDURAL SUGGESTIONS TOWARD THAT END SECGEN PLANNING TO SUBMIT TO COUNCIL IN NEAR FUTURE.

3. IN HIS STATEMENT (TEXT SENT SEPTTEL), US DEL EXPRESSED THE BELIEF THAT THE POLITICAL WILL AND MOMENTUM AMONG INDUSTRIALIZED COUNTRIES ARE PRESENT TO ENABLE COMPLETION OF THE INITIAL PHASE OF MULTILATERAL

COOPERATIVE EFFORTS ON ENERGY POLICY IN WHICH OECD PLAYS AN IMPORTANT ROLE. HE SAID HE APPRECIATED FLEXIBILITY OECD HAS DEMONSTRATED IN ESTABLISHING A FRUITFUL RELATIONSHIP WITH ECG; STRESSED THE DESIRABILITY FOR CONSUMERS AND PRODUCERS ALIKE OF A SUBSTANTIAL REDUCTION IN CURRENT OIL PRICES; AND EXPRESSED U.S. WILLINGNESS IN PRINCIPLE TO COOPERATE WITH OTHER GOVERNMENTS IN MUTUAL EXCHANGES OF INFORMATION ON OIL COMPANY OPERATIONS. IN SUMMING UP, HE STATED CONVICTION OF U.S. THAT COOPERATION HAS BEEN AND MUST CONTINUE TO BE COMMON RESPONSE OF OECD MEMBERS TO ENERGY CRISIS.

4. THE FRENCH STATEMENT WAS NOTABLE FOR ITS PRESENTATION BY FOREIGN MINISTER SAUVAGNARGUES AND FOR ITS MODERATION OF TONE. SAUVAGNARGUES JOINED THOSE SUPPORTING CONCLUSIONS OF SECRETARIAT NOTE, CALLED FOR FURTHER WORK IN THE NUCLEAR FIELD AND ON EXCHANGES OF ENERGY R & D, AND FOR FURTHER STUDY OF THE ROLE AND

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AMEMBASSY OTTAWA

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OPERATIONS OF INTERNATIONAL OIL COMPANIES. HE PRAISED THE OECD AS A FORUM FOR ENERGY POLICY DISCUSSIONS, CHARACTERIZING IT AS A NATURAL MEETING PLACE FOR COUNTRIES ON BOTH SIDES OF THE ATLANTIC.

5. SIMONET REPORTED THAT THE EC COMMISSION HAD JUST COMPLETED PROPOSALS FOR A COMMON ENERGY POLICY FOR SUBMISSION TO THE EC COUNCIL. HE SPOKE OF NEED TO AVOID DISTORTION WITHIN THE COMMUNITY BETWEEN FRANCE AND THOSE EC STATES PARTICIPATING IN ECG. HE FORCEFULLY AND REPEATEDLY STATED, HOWEVER, THAT THE COMMISSION IS FULLY AWARE OF THE IMPORTANCE OF MAINTAINING OPEN CONTACT BETWEEN THE COMMUNITY AND THE REST OF THE WORLD, ESPECIALLY THE UNITED STATES, AND INTENDS TO PURSUE THIS AIM. HE EMPHASIZED IMPORTANCE OF WORK IN OECD FOR ENERGY COOPERATION AND FOR EFFORTS TO DEVELOP DIALOGUE WITH PRODUCERS, BUT STOPPED SHORT OF ENDORSING OECD AS ORGAN TO CONDUCT THIS DIALOGUE.

6. GERMAN DEL SAID THAT FOLLOW-UP OF THE WASHINGTON ENERGY CONFERENCE HAD BEEN OF BENEFIT TO ALL OECD MEMBERS' AND THAT MULTIPLICITY OF FORUMS FOR ENERGY

POLICY COORDINATION COULD BE ADVANTAGEOUS IF OVERLAP AVOIDED AND FULL INFORMATION EXCHANGED. WHILE FAVORING EXCHANGE OF INFORMATION ON OIL COMPANY OPERATIONS, HE WARNED THAT THIS SHOULD LEAD TO INCREASED COMPETITION AND NOT TO STIFLING OF FREE MARKET. NETHERLANDS DEL TOOK A SIMILAR POSITION ON OIL COMPANIES; HE ALSO SUGGESTED CONSIDERATION BE GIVEN TO A CODE OF BEHAVIOUR TO BAN ARTIFICIALLY LOW ENERGY PRICES, EXPECIALLY WHERE THE AIM IS TO ATTRACT ENERGY INTENSIVE INDUSTRIES.

7. JAPAN STRONGLY FAVORED STRENGTHENING OECD ENERGY LIMITED OFFICIAL USE
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ACTIVITIES AND CAPABILITIES. AS USUAL, JAPANESE DEL INSISTED ON NEED FOR COOPERATION WITH OIL PRODUCERS AND LDC'S AS WELL. ITALIAN DEL CITED OECD AS "MOST QUALIFIED FORUM" FOR DEVELOPMENT OF ENERGY COOPERATION; HE ALSO EMPHASIZED NEED FOR MORE INFORMATION ABOUT THE ACTIVITIES OF INTERNATIONAL OIL COMPANIES, PARTICULARLY ON THEIR PROFITS AND PRICING POLICIES.

8. NOTABLY INCLUDED AMONG THOSE SUPPORTING COOPERATIVE EFFORTS ON ENERGY IN THE OECD WERE THREE NON-MEMBERS OF THE ECG: SWITZERLAND, GREECE AND SWEDEN. THE SWEDISH DEL SPECIFIED THAT HE SUPPORTED THE VIEW OF THE FRENCH FOREIGN MINISTER ON THE APPROPRIATENESS OF THE OECD AS A FORUM FOR INTENSIFIED EXCHANGES ON ENERGY R&D AND FOR COOPERATION IN THE FIELD OF NUCLEAR ENERGY.

9. IN A SOMEWHAT DEFENSIVE STATEMENT, THE NORWEGIAN DEL CITED HIS COUNTRY'S WILLINGNESS TO JOIN IN INTERNATIONAL EFFORTS TO COOPERATE IN THE FIELD OF ENERGY AND TO HAVE DUE REGARD FOR THE REST OF THE WORLD WHILE SEEKING BALANCED SOCIAL AND ECONOMIC DEVELOPMENT. HE OPINED THAT THE ECG IS PERFORMING USEFUL WORK AND THAT ITS TASKS SHOULD BE CARRIED FORWARD IN AN APPROPRIATE FORUM WHEN THE ECG IS DISSOLVED.
TURNER

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